

CENTRAL INTELLIGENCE AGENCY

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# INFORMATION REPORT

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1. The trade agreement between East Germany and Hungary was signed in Budapest on 29 November 1951 and is valid for the year 1952. The following figures compare the 1952 and 1951 agreements:

(Value in 1,000 rubles)

	1951 <u>Agreement</u>	1951 <u>Fulfillment</u>	1952 <u>Agreement</u>
Export	141,600	84,040	149,344
Import	<u>62,200</u>	<u>57,159</u>	<u>129,992</u>
Total	203,800	141,199	279,337

The apparently small increase in exports for 1952 is misleading; the 1951 export volume was 100 percent greater than that of 1950 as a result of deliveries on credit during 1950 which were paid in 1951.

2. The attachments give statistics which show the status of the agreements in terms of imports and exports as of 30 June 1952. Imports and exports are broken down according to the East German Domestic and Foreign Trade Ministries (DIA). All figures are in thousands of rubles.
3. Estimate of the fulfillment of the agreement

According to the 1952 agreement, the signing of contracts was to be completed by 1 March 1952. However, by that date only 50 percent of the export contracts had actually been concluded. The delay was caused chiefly by Hungary's failure to submit the specifications of machine construction agreed upon previously. Neither was Hungary always able, in the case of larger orders, to provide the required technical data. Consequently, in many cases deliveries will not be made before the end of 1952; it is possible that they may not be made until the end of 1953.

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Exports

4. Instead of an export delivery quota of 64,680,000 rubles on 30 June 1952, only 49,210,000 rubles, or 76 percent, were delivered. Bearing in mind that the delivery quota represents only 40 percent of the total export contracts and that a delivery backlog of 15,000,000 rubles exists at the present time, we estimate a backlog of approximately 30,000,000 rubles by the end of the year.
5. Difficulties in the export of machinery such as electric measuring and testing devices, electric motors, microscopes, etc., have arisen from faulty specifications and material shortages.
6. The agreement provided for 14,300,00 rubles for the re-export of BMW cars to Argentina. However, the Argentine government would not authorize an import license for the cars, according to Hungarian authorities, and nothing more has been done about this provision.

Imports

7. At the present time, the fulfillment of the imports quota cannot be estimated. Because of the nature of most of the Hungarian products, it is estimated that deliveries during the third quarter of 1952 will increase considerably, with a resultant favorable fulfillment of the agricultural section's status. On the contrary, the fulfillment of the imports status of the machine construction group is essentially unfavorable. For technical reasons, three Diesel locomotives will not be delivered until after 1 January 1953. Out of 200 buses ordered, only 45 have been received to date; the rest are to be delivered by the end of July 1952.
8. Current meters. The testmeters sent to us do not meet our specifications. We propose that gammeters be substituted, since according to information received from HV Energie there is a greater need in Fuerstenberg for this type of meter. The negotiations are still in progress. The value of this order is approximately 3,000,000 rubles.
9. The previously authorized contract for 3,000 oxygen containers was signed. Deliveries will take place during the third and fourth quarters of 1952.
10. Bauxite. Of the authorized 130,000 tons, 23,299 tons have been delivered to date. After the State Secretariat for Stones and Earth agreed to temporary delivery of an inferior quality in order to prevent a stoppage of aluminum production, deliveries were resumed. By the end of 1952, the total amount will be delivered.
11. Because of still unsettled price differences, an insufficient number of contracts for the import of foodstuffs, etc., have been signed.
12. Boiler project. The delivery dates specified in the contract for boilers were not met, because of difficulties in the supply of molybdenum. Molybdenum stocks on hand will last until the end of July, and a new shipment is expected from China in early August. Further difficulties were encountered in the delivery of drums. Negotiations are still in progress with Czechoslovakia for the delivery of ten drums. The Hungarian office of Bergmann-Borsig-Werke is keeping informed on the progress of the order by holding production discussions.

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Hungary - Exports as of 30 June 1952

Value given in thousands of rubles

Agency	Provided for in agreement	Contracts concluded	Delivery in June 1952	Deliveries Fulfilled 1952	Unfulfilled
Mining	4,483	5,081	208	813	1,767
Trucks	44,230	49,112	2,999	12,026	4,912
Transport Machines	9,764	8,317	975	2,162	696
Chemical Equipment	7,412	9,774	1,578	3,160	1,516
Electrical Engineering	14,018	11,721	992	4,821	1,613
Precision Instruments	11,462	12,458	1,585	5,016	2,882
Food and Optical Goods	6,760	4,336	274	1,416	397
Tools and Hardware	24,370	23,613	3,335	12,431	1,160
Chemical	4,757	3,423	361	1,930	-
Glass and Ceramics	1,360	1,867	-	785	108
Industrial Textiles	-	220	-	220	-
Textiles	2,875	2,165	399	1,762	63
Food	1,350	3,188	475	2,233	351
Handicrafts	310	167	29	34	5
Handicrafts (Cultural)	293	171	-	171	-
Handicrafts (Processing work on a contract basis)	1,070	598	-	230	-
Exports	14,360	-	-	-	-
TOTALS	149,414	136,211	13,630	49,210	15,470

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## Hungary - Imports - Trade Agreement 06 as of 30 June 1952

	Provided for in agreement	Contracts Concluded	Delivery notes as of 30 June 1952	Value in thousands of rubles	
				Received in June 1952	Received on entire agreement
Engineering	5,075	2,332	632	239	1,619
Machine Construction	2,230	309	82	-	-
Transport Machines	15,760	4,055	4,055	1,429	3,954
Electrical Engineering	3,500	122	69	-	17
Precision and Optical Instruments	-	1	1	-	1
Tools and Hardware	950	1,223	4,171	720	1,158
Chemicals	7,014	5,116	3,073	544	2,569
Pharmaceuticals	1,100	183	26	9	26
Books	40	15	14	4	14
Textiles	580	79	35	-	-
Leather Goods	81,389	56,551	24,761	5,598	26,500
Other	-	6	6	6	6
Total	9,275	-	-	-	-
	129,373	70,002	33,925	8,599	36,164

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Hungary - Trade Agreement 05 as of 30 June 1952

Provided for in agreement	Contracts Concluded	Delivery quota 1952	Values in thousand rubles			Total deliveries of 1951
			Delivered in June 1952	Delivery fulfillment 1952	of present	
9,318	9,316	2,627	48	232	6,721	2,395
58,872	60,636	33,463	2,106	16,002	43,176	17,460
11,780	4,892	2,250	153	1,555	8,197	695
15,170	13,419	2,946	60	1,723	12,776	1,223
7,630	1,740	430	22	347	1,857	83
24,423	21,082	3,200	212	2,462	20,344	738
3,514	2,838	758	40	196	2,326	562
1,870	1,410	-	-	-	1,410	-
2,550	2,426	2	-	-	2,424	-
1,801	2,388	-	-	-	2,389	-
500	293	49	35	65	303	-
4,103	4,302	28	-	41	4,345	-
141,581	129,792	45,753	2,646	22,624	106,654	23,129

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